

Second-Party Opinion

Santander Bank Polska S.A. Sustainability Issuance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Santander Bank Polska S.A. Sustainability Issuance Framework is credible and impactful and aligns with Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Clean Transportation, Sustainable Water and Wastewater Management, Green Buildings, Affordable Basic Infrastructure, Access to Essential Services, Affordable Housing and Employment Generation – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 3, 4, 6, 7, 8, 9 and 11.



PROJECT EVALUATION / SELECTION Santander Bank Polska's Sustainable Bond Working Group will evaluate and select eligible projects. Santander Bank Polska has in place environmental and social risk management processes which are applicable to all allocation decisions made under the Framework. Sustainalytics considers the risk management processes to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Santander Bank Polska's Capital Investments and Capital Management Office department will be responsible for tracking the use of net proceeds using internal information systems. Santander Bank Polska intends to fully allocate the proceeds within with 36 months of each issuance. This process is aligned with market practice.



REPORTING Santander Bank Polska intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, Santander Bank Polska is committed to reporting on relevant impact metrics. Sustainalytics views Santander Bank Polska's reporting commitments as aligned with market practice.

Evaluation Date December 2, 2021

Issuer Location Warsaw, Poland

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	14

For inquiries, contact the Sustainable Finance Solutions project team:

Charles Cassaz (Amsterdam)
Project Manager
charles.cassaz@sustainalytics.com
(+31) 20 205 0209

Shreeya Garg (Amsterdam)
Project Support

Prachi Shrivastava (Mumbai)
Project Support

Chinmay Sirdeshmukh (Mumbai)
Project Support

Enrico Tessadro (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+31) 20 205 0029

Introduction

Santander Bank Polska S.A. (“Santander Bank”, or the “Bank”) is a subsidiary of the Spanish multi-national financial services company, Banco Santander S.A. (“Santander Group” or the “Group”). Santander Bank offers a range of financial solutions to individuals, micro, small and medium-sized enterprises (MSMEs), corporations and public sector institutions. Headquartered in Warsaw, Poland, the Bank offers its services to five million customers through a network of 665 outlets and 10,726 employees.

Santander Bank has developed the Santander Bank Polska S.A. Sustainability Issuance Framework (the “Framework”) under which it intends to issue green, social and/or sustainability bonds, or green, social or sustainability bank securities (*Bankowe Papiery Wartościowe*) and use the proceeds to finance or refinance, in whole or in part, through financial products¹, existing or future projects and assets that deliver positive environmental and social outcomes, and support the transition to a more sustainable economy. The Framework defines eligibility criteria in six green and four social areas, as follows:

Eligible Green Projects

1. Renewable Energy
2. Energy Efficiency
3. Pollution Prevention and Control
4. Clean Transportation
5. Sustainable Water and Wastewater Management
6. Green Buildings

Eligible Green Projects

1. Affordable Basic Infrastructure
2. Access to Essential Services
3. Affordable Housing
4. Employment Generation

Santander Bank engaged Sustainalytics to review the Framework, dated November 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG)², Green Bond Principles 2021 (GBP)³ and Social Bond Principles 2021 (SBP). This Framework has been published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, Social Bond Principles 2021, and the Sustainability Bond Guidelines 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

¹ Such financial products may include corporate lending, project finance, retail and consumer lending, debt capital market instruments and leasing products.

² The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

³ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁴ The Santander Bank Polska S.A. Sustainability Issuance Framework is available on Santander Bank Polska S.A.’s website at: <https://www.santander.pl/en/investor-relations/issuances>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Santander Bank's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Santander Bank representatives have confirmed (1) they understand it is the sole responsibility of Santander Bank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Santander Bank.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Santander Bank has made available to Sustainalytics for the purpose of this Second-Party Opinion. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Santander Bank Polska S.A. Sustainability Issuance Framework

Sustainalytics is of the opinion that the Santander Bank Polska S.A. Sustainability Issuance Framework is credible and impactful and aligns to the four core components of the GBP and SBP. Sustainalytics highlights the following elements of Santander Bank's Sustainability Issuance Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Clean Transportation, Sustainable Water and Wastewater Management, Green Buildings, Affordable Basic Infrastructure, Access to Essential Services, Affordable Housing and Employment Generation – are aligned with those recognized by the GBP and the SBP. Sustainalytics notes that the projects funded under the Framework are expected to deliver positive environmental and social outcomes and support the transition to a more sustainable economy.
 - Within the Renewable Energy category, Santander Bank may finance or refinance the generation, transmission, distribution and storage of energy from renewable sources, including solar, onshore and offshore wind, hydropower, hydrogen and biomass.
 - Solar PV and concentrated solar heat and power (CSP) projects. Regarding CSP, the Bank has confirmed that a large majority of electricity (greater than 85%) will be generated from solar energy sources. Additionally, any large-scale solar PV and CSP projects will be subject to an environmental and social impact assessment. Sustainalytics views this to be aligned with market practice.

- Hydropower projects will be eligible with a power density greater than 5W/m² or lifecycle emissions below 100gCO₂e/kWh. The Bank intends to have an environmental and social risk assessment conducted for all new hydropower projects.⁶ This is in line with market practice.
 - Hydrogen projects will be eligible if carried out through electrolysis powered by renewables or 100% sustainably sourced biomass, biogas, renewable natural gas or landfill gas. Sustainalytics notes that clean hydrogen provides opportunities to decarbonize a wide range of industrial processes and considers the projects to be in line with market practice.
 - Waste-to-energy projects using waste feedstock such as agricultural residues, animal manure and municipal waste. The Bank has communicated to Sustainalytics that landfill is non-operational with high gas capture efficiency of equal to or more than 75%. Sustainalytics notes that recovering methane produced from closed landfill will not prolong the lifespan of the landfill and is a key strategy to reduce methane emissions from waste. These investments are aligned with market practice.
 - Transmission and distribution infrastructure will be aimed at construction and repair of infrastructures for renewable energies and energies with emissions lower than 100gCO₂e/kWh. Santander Bank may also finance the improvement of efficiency in existing electrical systems. Project examples include smart grid technologies,⁷ distributed generation and peak demand management. The Framework allows for allocation to “smart grid” investments. While noting the variety of definitions and applications of “smart grid” technology, Sustainalytics views positively investments that are designed to improve grid efficiency and encourages Santander Bank to select projects that are clearly anticipated to deliver tangible efficiency improvements.
 - Energy storage through electrical, mechanical and power-to-hydrogen systems. Power-to-hydrogen systems will be eligible if: (i) an environmental and social impact assessment has been carried out, and (ii) it is performed through electrolysis powered by renewables. These energy storage systems are aligned with market practice.
- Under the Energy Efficiency category, the Bank may finance the development, manufacture and installation of products, technologies and software applications that are designed specifically to enable an increase in energy efficiency through demand management and non-motorized or electrified building components, and certified with third-party certifications such as ENERGY STAR or Electronic Product Environmental Assessment Tool (EPEAT at “Gold” or above).⁸ Santander Bank may finance the installation of energy-efficient technologies, products or equipment that are not primarily powered/driven by fossil fuels. Sustainalytics encourages the Bank to report on estimated or achieved energy efficiency, on a portfolio basis, where feasible.
 - Other eligible expenditures include construction, renovation, extension, and acquisition of data storage centres with PUE⁹ below 1.5 and compliant with the European Code of Conduct for Data Centre Energy Efficiency.¹⁰
 - Within the Pollution Prevention and Control category, Santander Bank may finance the development of equipment for monitoring and testing air emissions and pollution. The Bank may also finance projects with an aim to reduce GHG emissions as well as to minimize or reuse waste heat. Project examples include crystalline silicon solar cell, thin-film solar cells, high-power all-solid-state batteries using sulfide superionic conductors, long-lasting flow battery. The Bank has confirmed that only high-power all-solid-state batteries related to electric vehicles and renewable energy storage will be eligible, and it will not finance projects or activities that rely on fossil fuels-based power generation. These investments are aligned with market practice.
 - Under the Clean Transportation category, Santander Bank may finance electric, hydrogen and low-carbon vehicles, specialized industry and agricultural vehicles, and related infrastructure.

⁶ In addition, Santander confirmed that there should be no significant risk or expected negative impact identified, and that there should be no significant controversy surrounding hydropower projects.

⁷ Smart grid technologies and projects financed under the Framework may include those aimed at connecting renewable sources, improving energy efficiency, enable demand side response, smart meters, IT systems supporting control, demand side response and distributed generation dispatching.

⁸ See Appendix 1 for an overview of Sustainalytics’ assessment of these certifications.

⁹ Power Usage Effectiveness defined as ratio of total power used by the data centre facility to the power used by the IT equipment.

¹⁰ European Commission, “EU Code of Conduct on Data Centre Energy Efficiency”, (2016), at: https://e3p.jrc.ec.europa.eu/sites/default/files/documents/publications/participant_guidelines_v3.0.0.pdf

- Electric, hydrogen or hybrid public and private transport such as rail, buses, trains, trams, subway, cars that meet the threshold criterion of <math><50\text{gCO}_2/\text{p-km}</math>. The Bank also intends to finance specialized industry and agriculture vehicles¹¹ that meet the abovementioned emissions thresholds.
- Freight rail transport and trucks will be limited to vehicles that are electric or meet an emissions threshold of $25\text{gCO}_2/\text{t-km}$, and will exclude freight rail dedicated to the transport of fossil fuels. These investments are in line with market practice.
- Development of infrastructure for (i) active mobility such as cycling and walking, (ii) infrastructure for zero direct emission transport such as electric charging points, electricity grid connection upgrades, hydrogen filling stations or electric highways, (iii) infrastructure for electrified and non-electrified rail transport only if a maximum five year plan is in place for electrification or use of alternatively powered trains, and (iv) infrastructure for low-carbon transport provided such transport is compliant with the above mentioned emissions thresholds. Sustainalytics considers these investments to be in line with market practice.
- Within the Sustainable Water and Wastewater Management category, Santander Bank may finance (i) the collection, sorting and treatment of waste, and (ii) water supply, sewage and management systems.¹²
 - Waste collection, sorting and treatment activities that aim at recycling and reusing of waste. Sustainalytics notes that any waste collection vehicles financed will be required to meet the eligibility thresholds defined under the Clean Transportation category. Additionally, Santander Bank has confirmed to Sustainalytics that source segregation of waste will be carried out.
 - Processing of recyclable non-hazardous waste into secondary raw materials, largely energy will be eligible with a conversion ratio of 50% or more. Sustainalytics notes that The Bank will limit projects financed to mechanical recycling. The Framework also allows for development of waste-to-energy plants when plastic, metals and other recyclable waste is segregated from the feedstock. Sustainalytics considers these investments to be aligned with market practice.
- Under the Green Buildings category, Santander may finance the construction, renovation and acquisition of green buildings, energy efficiency equipment, renewable energy infrastructure and systems aimed at improving buildings' energy performance.
 - Development, refurbishment or acquisition of (i) buildings that have received or are expected to receive a green building certification including BREEAM ("Excellent" and above), LEED ("Gold" and above), EDGE, PassivHaus and DGNB ("Gold" and above). Sustainalytics considers these certification schemes credible, and the levels selected to be aligned with market practice. For Sustainalytics' assessment of green building certification schemes, please refer to Appendix 2. Additionally, Sustainalytics notes that it is market expectation to specify all eligible schemes and encourages the Bank to report on any other schemes they intend to include, (ii) buildings that fall within the top 15% of low-carbon buildings in Poland, (iii) renovation of existing buildings that lead to at least a 30% reduction of primary energy demand (PED), and (iv) new buildings where the primary energy demand is at least 10% lower than that the threshold set for the Nearly Zero Energy Buildings (NZEB) standard in Poland.
 - The Bank may finance high efficiency windows and doors, installation and replacement of household appliances rated in the highest available class for their respective EU energy label (level A for electrical appliances), heating systems reliant on renewable energy (renewable electricity supply, solar floor heating and devices for measuring and regulating energy performance of the buildings). Sustainalytics notes that the Bank's

¹¹ Specialized industry and agriculture vehicles financed under the Clean Transportation category may include forklifts, tractors, combine harvester, loaders, excavators and backhoe loaders.

¹² Water supply and management systems may include (i) water supply systems with an average system energy consumption of 0.5 kWh per cubic metre of authorized water supply billed/not billed or less, (ii) systems that reduce average system energy consumption by at least 20%; measured in kWh per cubic metre of authorized billed/non-billed water supply, and (iii) systems that reduce the gap between the actual leakage of the water supply network and a given target value of low leakage by at least 20%.

- reliance on energy labels for the use of proceeds related to household appliances is aligned with the EU Taxonomy Climate Delegated Act.¹³
- The Bank also intends to invest in the development of renewable energy infrastructure in buildings. Project examples include solar PV, solar hot water panels, ground-source heat pumps using a refrigerant with GWP lower than 10, wind turbines, transpired solar collectors and thermal or electrical energy storage units. Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics recommends Santander Bank to promote robust refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation/recycling, or destruction of refrigerants at end of life. These investments are aligned with market practice.
 - Within the Affordable Basic Infrastructure category, the Bank may finance the construction, renovation and expansion of infrastructure related to (i) transport (including roads, railways, subways), (ii) energy generation from renewable sources or those with lifecycle emissions below 100gCO₂e/kWh, (iii) water and waste management (including access to drinking water, sewage, collection and treatment), and (iv) information and communication technologies (ICTs) (including broadband) to foster digital inclusion. Sustainalytics notes that such investments will be targeted at people without access to basic infrastructure due to their residence in an area without a first infrastructure such as rural and isolated populations. Sustainalytics views such criteria to be aligned with market expectations. Additionally, Santander Bank may finance transportation infrastructure to support movement of people with disabilities including investments to improve accessibility in public transit networks.
 - Under the Access to Essential Services category, Santander Bank may finance infrastructure expenditures for public and private facilities for education and healthcare.
 - (i) Educational facilities (including schools, kindergartens and universities), (ii) public sports and cultural education centres (including art, drama and music), (iii) tutoring and training facilities (including computers and languages), and (iv) healthcare facilities (including hospitals, laboratories, specialized medicine centres, speech therapy centres). Sustainalytics notes that all the public facilities financed will be freely accessible. Additionally private facilities will either be non-profit or guarantee access to vulnerable populations¹⁴ regardless of ability to pay.
 - Specialized residential care and social work facilities (including nursing care, learning disabilities, mental health centres, elderly, people with disabilities, counselling centres, rehabilitation centres). Sustainalytics highlights that such facilities will be targeted at people with disabilities,¹⁵ aging populations and vulnerable youth,¹⁶ and other vulnerable groups.¹⁷
 - The Bank may finance loans to students in whose families the amount of monthly income per person is PLN 3,000 or less as determined in the Regulation of the Minister of Science and Higher Education of 20 December 2018. Sustainalytics notes that while the interest rate of the student loan is 1.2 times the rediscount rate of the National Bank of Poland, a part of this is subsidized by the government. As a result, the interest rate paid by the students amounts to 0.5 or 0.75 times the rediscount rate, as stipulated under Article 101.1 of ACT of 20 July 2018.¹⁸ However, Sustainalytics notes that the maximum income threshold is above the median household income,¹⁹ and does not

¹³ European Commission, "EU Taxonomy Climate Delegated Act", (2021), at: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf

¹⁴ Vulnerable populations include any group that is susceptible of suffering discrimination based on its characteristics and socio-economic status for examples: students, self-employed, small business owners, freelancers, startups and entrepreneurs, children without families, homeless people, people with substance abuse problems.

¹⁵ People with disabilities includes those with temporary or permanent disability who, as a result, may experience poorer health outcomes, have less access to healthcare, education and work opportunities, and are more likely to live in poverty than those without a disability.

¹⁶ Aging populations include elder people with difficulties or limited access to the infrastructure or activity service, and vulnerable youth includes young people are understood as a vulnerable group because they have vulnerable economic situation.

¹⁷ Other vulnerable groups include children without families, homeless people and people with substance abuse problems, migrants and/or displaced persons.

¹⁸ "Act of 20 July 2018 - The Law on Higher Education and Science", at: <https://konstyucjadlanauki.gov.pl/content/uploads/2020/06/act-of-20-july-2018-the-law-on-higher-education-and-science.pdf>

¹⁹ World Population Review, "Median Income by Country 2021", at: <https://worldpopulationreview.com/country-rankings/median-income-by-country>

- limit allocation exclusively to low-income earners, which represents a deviation from market practice. As such, Sustainalytics encourages the issuer to target student from low-income families.
- Production of pharmaceutical products and preparations (including vaccines) focused on providing healthcare support during the Covid-19 pandemic. The Bank may also finance provision of medical equipment and supplies (including irradiation, electromedical, electrotherapeutic and dental instruments) to public healthcare facilities.
 - For the Affordable Housing category, Santander Bank may finance investments that enable access to housing for underserved population through mortgages and home improvement loans. The Bank intends to target such financing towards low-income population (lower than 80% of average median income) for the jurisdiction as per GUS.²⁰ Santander Bank has in place a policy on responsible lending to ensure the presence of adequate risk mitigation systems for borrowers and predatory lending. While Sustainalytics views positively the targeting of low-income population for such products, the Bank is not able to guarantee that interest rates on these loans will be lower than on the standard loans as the Bank does not currently offer these mortgages and home improvement loans. However, Sustainalytics notes that Santander Bank is committed to ensuring that interest rates on these retail loans and mortgages are low relative to the interest rates on standard loans.
 - Within the Employment Generation category, the Bank may provide loans or other financial products, and finance investments to increase access to transactional banking products and services. Sustainalytics notes that such financing will be targeted at small and medium-sized enterprises (SMEs)²¹ and entrepreneurs that are (i) located in economically underperforming regions²² and regions affected by natural and health disasters, (ii) microentrepreneurs,²³ (iii) rural population focused on agriculture production and agriculture value chain, and (iv) entrepreneurial women. Sustainalytics views these criteria to be in line with market expectations.
 - Project Evaluation and Selection:
 - Santander Bank has established a Sustainability Issuance Working Group (the “Group”) which will be responsible for evaluating and selecting eligible projects. The Group is comprised of representatives (senior directors, managers and experts) from various departments including Capital Investments and Capital Management Office, Investor Relations, Corporate Social Responsibility, Risk, Legal and different business units.
 - The Group will be responsible for project selection based on the eligibility criteria outlined in the Framework and will also monitor existing eligible assets to ensure compliance with the Framework criteria.
 - Santander Bank has in place environmental and social risk management processes which are applicable to all allocation decisions made under the Framework. As such, the Bank will ensure compliance of each eligible asset with internal regulations, domestic and international environmental and social standards and local laws and regulations. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.
 - Based on the establishment of the Group and its cross-divisional membership, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Santander Bank’s Capital Investments and Capital Management Office department will track the use of net proceeds on a portfolio basis through internal information systems and will maintain a level of allocation to the portfolio that matches or exceeds the bond proceeds.

²⁰ GUS is Poland’s chief government agency responsible for collecting and publishing statistics related to the country’s population, economy and society at the national and local levels.

²¹ Small-medium sized enterprises (SME) are defined in line with the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

²² Economically underperforming regions are defined as areas with unemployment higher than the national average in Poland or regions with GDP per capita lower than the Poland’s national GDP per capita, as per data provided by GUS.

²³ Microentrepreneurs are defined in line with the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

- The Issuer intends to fully allocate the proceeds of each green, social and sustainability bond issuance to eligible green and social projects within 36 months of each issuance. For refinancing activities, eligible projects are subject to a lookback period of 36 months prior to the issuance of green, social and sustainability bonds under the Framework. Pending allocation, proceeds will be temporary held in the Bank's treasury liquidity portfolio, in cash or short term and liquid investments.
- Based on the use of internal tracking systems and disclosure around the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Santander Bank intends to report on the allocation of proceeds in an Allocation Report which will be published on the Bank's website on an annual basis until full allocation. Allocation reporting will include the total amount of net proceeds raised from each issuance under the Framework, the total amount of proceeds allocated to each eligible asset including eligible asset category, the share of refinancing versus financing and the balance of unallocated proceeds.
 - In addition, the Bank intends to report on relevant impact metrics where feasible. Impact reporting may include key performance indicators such as installed renewable energy capacity (MW), estimated annual emissions avoided in tonnes of CO₂e, energy saved through upgrades of infrastructure, number of ground transport financed, reduction in water use, energy saved through investments, number of people reached with the roads and road infrastructure, number of students who have been recipient of the loan, and number of people who have been recipient of the finance/microfinance.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 3: Sustainability Bond/Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Santander Bank Polska S.A.

Contribution of framework to Santander Bank's sustainability strategy

Sustainalytics is of the opinion that Santander Bank demonstrates a commitment to sustainability by adopting the Group-level sustainability commitments with a focus on three key environmental and social areas: (i) climate change, (ii) resource management, and (iii) human rights.

Santander Group participates in various international initiatives related to environmental and social sustainability. The Group is a founding member of the Net-Zero Banking Alliance (NZBA),²⁴ which aims to align the lending and investment portfolios of banks to achieve net zero emissions by 2050. It is also among the financial institutions that joined the Collective Commitment to Climate Action to contribute towards the financial sector's transition to a low-carbon economy.²⁵ As part of this initiative, the Group made commitments such as engaging customers to accelerate the transition to a low-carbon economy adapted to climate change and keeping the global temperature increase well below 2°C from pre-industrial levels while aiming for 1.5°C. To achieve this, Santander Group raised and mobilized EUR 41.7 bn in green finance which includes investments in green buildings, clean transportation and renewable energy projects since 2019 and aims to further raise an additional EUR 120 bn by 2025 and EUR 220 bn by 2030 to increase its investment in green activities.

In an effort to reduce its environmental footprint, the Group has also set targets to reduce the carbon intensity of its power generation portfolio by 22% by 2025 and 52% by 2030, relative to a 2019 baseline. Santander Group also aims to eliminate its' portfolio exposure to thermal coal producers by 2030.²⁶ In line with the Group's commitment, Santander Bank has also set targets to stop offering its financial services to energy

²⁴ Santander Bank, "Santander becomes a founding member of the Net Zero Banking Alliance", Press Release, (2021) at:

<https://www.santander.com/en/press-room/press-releases/2021/04/santander-becomes-a-founding-member-of-the-net-zero-banking-alliance>

²⁵ UNEP FI, "Collective Commitment to Climate Action", at: <https://www.unepfi.org/wordpress/wp-content/uploads/2019/12/PRB-Collective-Commitment-to-Climate-Action.pdf>

²⁶ Santander Group, "Climate Finance Report", (2021), at: <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual-de-sostenibilidad/2020/ias-2020-climate-finance-2020-21-en.pdf>

companies that generate over 10% of their revenues from coal and eliminate its exposure to coal producers by 2030.²⁷

In addition to its environmental commitment, Santander Group has a stated focus on initiatives that have a positive impact on society. Santander Bank Polska is taking serious efforts to ensure access to finance for people with disabilities, since 2010. Also, Santander Bank Polska support financing for SMEs in response to Covid-19 response. The Group has committed to increase access to financial and banking services to 10 million people between 2019 and 2025 and had already reached six million people by 2021.²⁸

Sustainalytics is of the opinion that the Santander Bank Polska S.A. Sustainability Issuance Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Group's action on its key environmental and social priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have a positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. While Santander plays a limited role in the development of the specific projects which it finances, by offering lending and financial services, it is exposed to risks associated with companies or projects that it may finance.

Some key environmental and social risks associated with the eligible projects include, but are not limited to, occupational health and safety, community relations/stakeholder participation, land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents, and waste generated in construction.

Sustainalytics is of the opinion that Santander Bank is able to manage or mitigate the specific potential risks through implementation of the following national level and Group-level policies and activities that the Bank is required to be compliant with:

- Santander Group has been a signatory to the UN Global Compact Principles since 2003,²⁹ indicating its commitment to environmental and social responsibility, and respect for human rights. Additionally, the Group has a risk management policy that covers environmental, social and governance considerations.³⁰ In line with the policy, Santander Group respects international best practices regarding social welfare and the environment.
- Santander Bank has its operations in Poland which is recognized as a Designated Country under the Equator Principles, ensuring the presence of robust environmental and social governance, legislation systems and institutional capacity to mitigate the common environmental and social risk associated with projects financed under this framework.³¹ Compliance with the applications of Equator Principles led to the creation of a standard due diligence process to support its credit decisions.
- Santander Group has been a member of the UN Principle of Responsible Banking,³² as part of its commitment to integrate ESG criteria into its lending and investment decisions. The Group has a dedicated Responsible Banking, Sustainability and Culture Committee that is responsible for developing and ensuring the implementation of its' responsible business strategy and sustainability strategy.³³
- Santander Group addresses reputational risks and business continuity risks through its Code of Conduct. The Code of Conduct ensures that the Group has adopted most stringent ethical standards in all areas of operations.³⁴

²⁷ Santander Bank, "Environment", at: <https://esg.santander.pl/srodowisko-e-environmental/>

²⁸ Santander Bank, "Banco Santander and the SDGs", (2021), at: <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual-de-sostenibilidad/2020/ias-2020-banco-santander-and-the-sdgs-en.pdf>

²⁹ UNGC, "Grupo Santander", at: <https://www.unglobalcompact.org/what-is-gc/participants/4665-Grupo-Santander>

³⁰ Santander Group, "ENVIRONMENTAL, SOCIAL & CLIMATE CHANGE RISK MANAGEMENT", at: <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/pol%C3%ADticas/do-environmental-social-and-climate-change-risk-policy-en.pdf>

³¹ Equator Principles, "About us", at: <https://equator-principles.com/about/>

³² Santander, "Santander joins United Nations' drive for responsible banking", Press Release, (2018), at: <https://www.santander.com/content/dam/santander-com/en/documentos/historico-notas-de-prensa/2018/05/NP-2018-05-29-Santander%20joins%20United%20Nations'%20drive%20for%20responsible%20banking%20-en.pdf>

³³ Santander Group, "GENERAL SUSTAINABILITY POLICY", at: <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/pol%C3%ADticas/do-General%20sustainability%20policy-en.pdf>

³⁴ UNGC, "CEOs for Ethics – Santander Bank Polska, Ethics is our competitive advantage", at: <http://www.standardetyki.org/etyka-w-polskich-organizacjach-case-studies/ceos-for-ethics-santander-bank-polska-ethics-is-our-competitive-advantage/>

Based on these policies and standards, Sustainalytics is of the opinion that Santander Bank has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All ten use of proceeds categories are aligned with those recognized by the GBP and SBP. Sustainalytics has focused on three categories below where the impact is specifically relevant in the local context.

Contribution of renewable energy in Poland's energy transition

The proportion of electricity generated from coal in Poland declined from 85% in 2013 to 73% in 2019. This was largely due to an increase in the share of renewable energy which increased from 11.33% in 2014 to 17.84% in 2020.³⁵ Despite that Poland had the highest share of electricity generated from coal in the EU in 2019.³⁶

In 2020, three Polish coal power plants were among the top ten GHG emitters in the EU. As a result, coal-fired power plants in Poland contributed 59% of the total GHG emissions from the energy sector. The Energy Policy of Poland has set the target to reduce the share of coal in electricity generation to 60% by 2030.³⁷ One of the primary objectives of the policy is the development of renewable energy sources, specifically offshore wind energy.³⁸ The policy aims to achieve 11 GW production potential from offshore wind energy and 10-16 GW from solar energy by 2040.³⁹ Additionally, the nation also aims to increase its share of renewable energy to 23% by 2030, and further to 28.5% by 2040.⁴⁰

Sustainalytics is of the opinion that Santander Bank's investments in renewable energy projects, specifically solar and wind power are expected to play a positive role in reducing Poland's carbon footprint and supporting the nation's overall energy transition.

Financing affordable basic and ICT infrastructure to reduce the digital divide in Poland

The EU has identified Poland as part of its low-performing cluster with regards to internet access and connectivity. Specifically for fixed broadband take-up, the nation stands at 87%, 10% below the EU average.⁴¹ Overall, Poland ranks 24th among the 28 EU Member States with an overall connectivity score of 45, significantly lower than the EU average of 54.

Poland has adopted a number of policies and national level strategies to accelerate the development of sustainable urban infrastructure including ICT in rural, disconnected and other marginalized areas like Eastern Poland. In 2017, the Government of Poland adopted a Strategy for Responsible Development that focuses on inclusive and territorially sustainable development and outlines the importance of modern transport networks as well as ICT solutions in rural areas.⁴² Poland also rolled out a National Strategy of Regional Development 2030 which emphasizes on the development and modernization of ICT and telecommunication infrastructure.⁴³ One of the objectives of the national strategy is to support territorial cohesion and prevention of the marginalization of problem areas including Eastern Poland.⁴⁴

Sustainalytics is of the opinion that Santander Bank's investments in affordable basic infrastructure including ICT infrastructure in rural and marginalized areas may support Poland's national policies on inclusive urban development.

³⁵ International Energy Association (IEA), "Poland: Country Profile", (2021), at: <https://www.iea.org/countries/poland>.

³⁶ Notes from Poland, "Polish coal plant was EU's biggest CO2 emitter in 2020", (2021), <https://notesfrompoland.com/2021/04/13/polish-coal-plant-was-eus-biggest-co2-emitter-in-2020/>.

³⁷ International Energy Association (IEA), "Poland: Country Profile", (2021), at: <https://www.iea.org/countries/poland>.

³⁸ Ministry of Climate and Environment, "Energy Policy of Poland until 2040", (2021), at: <https://www.gov.pl/attachment/62a054de-0a3d-444d-a969-90a89502df94>.

³⁹ Ministry of Climate and Environment, "Energy Policy of Poland until 2040", (2021), at: <https://www.gov.pl/attachment/62a054de-0a3d-444d-a969-90a89502df94>.

⁴⁰ "Executive Summary of Poland's National Energy and Climate Plan for the years 2021-2030 (NECP PL)", (2019), at:

https://ec.europa.eu/energy/sites/default/files/documents/pl_final_necp_summary_en.pdf.

⁴¹ European Commission, "Digital Economy and Society Index 2018 in Poland", at: https://ec.europa.eu/information_society/newsroom/image/document/2018-20/pl-desi_2018_-_country_profile_eng_B440E0DD-F8E8-B007-4A97A5E2BE427B1F_52233.pdf

⁴² "Strategy for Responsible Development", (2020), at: https://www.gov.pl/documents/33377/436740/SOR_2017_streszczenie_en.pdf.

⁴³ "National Strategy of Regional Development", (2020), at: <https://www.gov.pl/attachment/09b51b0c-4d33-4257-87f2-5a89b52f7953#:~:text=The%20National%20Strategy%20of%20Regional,policy%20in%20Poland%20until%202030.&text=for%20the%20development%20of%20the%20different%20regions>.

⁴⁴ "Regional Outlook 2019 – Poland", OECD, (2019), at: https://www.oecd.org/cfe/_Poland.pdf.

Financing SMEs to support employment generation in Poland

The unemployment rate in Poland during the COVID-19 pandemic increased from 5.5% in January 2020 to 6.5% in January 2021.⁴⁵ The SME sector is one of the largest employers in the country, representing 68.3% of country's total workforce as of 2017. Additionally, SMEs account for 99.8% of all enterprises in Poland and employed 6.7 million people in 2017.

Nearly half of the total business loans (53.7%) in Poland are targeted at SMEs and the government has introduced multiple SME packages providing loan guarantees and tax benefits. In 2016, the Polish Development Fund launched the Start in Poland initiative with a budget of USD 0.71 billion, to accelerate start-up funding.⁴⁶ Moreover, in response to COVID-19 recovery, Poland has announced an Anti-Crisis Shield package that includes a two Financial Shield of more than USD 34 billion to support the SME sector.⁴⁷ As of April 2021, Financial Shield 1.0 and 2.0 together has benefitted close to 0.39 million SMEs with 3.5 million employees across the country.⁴⁸

Sustainalytics is of the opinion that Santander Bank's investments in SME financing may generate employment and is expected to support the country's plan for socio-economic recovery from COVID-19.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond issued under the Santander Bank Polska S.A Sustainability Issuance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and clean energy 9. Industry, innovation and infrastructure	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
Energy Efficiency	7. Affordable and clean energy 9. Industry, innovation and infrastructure	7.3 By 2030, double the global rate of improvement in energy efficiency 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Pollution Prevention and Control	11. Sustainable cities and communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Clean Transportation	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

⁴⁵ Moody's Analytics, "Economic Indicators: Poland", (2021), at: <https://www.economy.com/poland/unemployment-rate>.

⁴⁶ OECD, "Poland: Key Facts on SME Financing", (2020), at: <https://www.oecd-ilibrary.org/sites/10b3c996-en/index.html?itemId=/content/component/10b3c996-en>.

⁴⁷ Yale School of Management, "Poland's Financial Shield Provides Support to Businesses", (2020), at: <https://som.yale.edu/blog/poland-s-financial-shield-provides-support-to-businesses>.

⁴⁸ Polish Development Fund (PFR), "PFR Financial Shield for Companies and Employees", (2021), at: <https://pfrsa.pl/tarcza-finansowa-pfr.html>.

Sustainable Water and Wastewater Management	6. Clean water and sanitation	<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>
Green Buildings	11. Sustainable cities and communities	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
Affordable Basic Infrastructure	<p>6. Clean water and sanitation</p> <p>7. Affordable and clean energy</p> <p>9. Industry, innovation and infrastructure</p> <p>11. Sustainable cities and communities</p>	<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>7.1 By 2030, ensure universal access to affordable, reliable and modern energy services</p> <p>9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020</p> <p>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>
Access to Essential Services	<p>3. Good health and well-being</p> <p>4. Quality education</p>	<p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p>
Affordable Housing	<p>1. No Poverty</p> <p>11. Sustainable cities and communities</p>	<p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>

<p>Employment generation</p>	<p>8. Decent work and economic growth</p>	<p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>
------------------------------	---	--

Conclusion

Santander Bank has developed the Santander Bank Polska S.A. Sustainability Issuance Framework under which it will issue green and social bonds and use the proceeds to finance projects related to renewable energy, clean transportation, affordable infrastructure and access to essential services amongst others. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to have provide positive environmental impact.

The Santander Bank Polska S.A. Sustainability Issuance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Santander Bank Polska S.A. Sustainability Issuance Framework is aligned with the overall sustainability strategy of the Bank and that the green and social use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 1, 3, 4, 6, 7, 8, 9 and 11. Additionally, Sustainalytics is of the opinion that Santander Bank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Santander Bank is well-positioned to issue green and social bonds and that the Santander Bank Polska S.A. Sustainability Issuance Framework is robust, transparent, and in alignment with the core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021.

Appendices

Appendix 1: Overview of the Referenced Energy Efficiency Certifications

Z	EPEAT ⁴⁹	ENERGY STAR ⁵⁰
Background	The Electronic Product Environmental Assessment Tool (“EPEAT”) is a global ecolabel covering products and services from the technology sector. The Global Electronics Council manages the EPEAT ecolabel. ⁵¹	ENERGY STAR is a U.S Environmental Protection Agency voluntary program that provides independently certified energy efficiency ratings for products, homes, buildings, and industrial plants. Certification is given on an annual basis, so a building must maintain its high performance to be certified year to year.
Certification levels	<ul style="list-style-type: none"> • Bronze • Silver • Gold 	Binary- no levels; just single award of eco-label
Areas of Assessment	<p>Assessment criteria under Voluntary Consensus Process:</p> <ul style="list-style-type: none"> • Openness • Balance • Due process • Appeal process • Consensus <p>Criteria under Dynamic Standards Development Process include:</p> <ul style="list-style-type: none"> • Impact • Efficiency • Innovation 	Energy use
Requirements	<ul style="list-style-type: none"> • The EPEAT assessment criteria differ for each product category (particularly computers & displays, imaging equipment, mobile phones, photovoltaic modules and invertors, servers, and TVs) • Manufacturers interested in registering their products with EPEAT engage one of the certification and testing organizations that make up EPEAT’s global network of Conformity Assurance Bodies (“CABs”).⁵² • The CABs conduct a comprehensive “Desk Review” process on the manufacturer’s initial registrations during which, the manufacturer must answer questions about the product declaration(s) and may need to provide evidence consistent with the standard’s Verification Evidence requirements. <p>The EPEAT Program ensures the veracity of EPEAT-registered products through an ongoing surveillance process known as Continuous Monitoring.</p>	<p>Products can earn the ENERGY STAR label by meeting the energy efficiency requirements set forth in ENERGY STAR product specifications (varies for each category). EPA establishes these specifications based on the following set of key guiding principles:⁵³</p> <ul style="list-style-type: none"> • Certified products must deliver the features and performance demanded by consumers, in addition to increased energy efficiency. • If the certified product costs more than a conventional, less-efficient counterpart, purchasers will recover their investment in increased energy efficiency through utility bill savings, within a reasonable period of time. • Energy efficiency can be achieved through broadly available, non-proprietary technologies offered by more than one manufacturer. • Product energy consumption and performance can be measured and verified with testing. <p>Labeling would effectively differentiate products and be visible for purchasers.</p>



⁴⁹ EPEAT, “About EPEAT”, at: <https://www.epeat.net/about-epeat>

⁵⁰ Energy Star, “What is ENERGY STAR”, at: <https://www.energystar.gov/about?s=mega>

⁵¹ Global Electronics Council, “EPEAT Overview”, at: <https://greenelectronicscouncil.org/epeat/epeat-overview/>

⁵² Global Electronics Council, “EPEAT for manufacturers”, at: <https://greenelectronicscouncil.org/epeat/manufacturers/>

⁵³ Energy Star, “How a Product Earns the ENERGY STAR Label”, at: <https://www.energystar.gov/products/how-product-earns-energy-star-label>

<p>Performance display</p>		
<p>Qualitative Considerations</p>	<p>The assessment is based on the lifecycle environmental aspects of products based on a set of environmental performance criteria.</p>	<p>Accounts only for energy use, not other measures of environmental performance.</p>

Appendix 2: Certification Schemes for Green Buildings

	BREEAM ⁵⁴	LEED ⁵⁵	EDGE	DGNB ⁵⁶	Passive House Institute
<p>Background</p>	<p>BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.</p>	<p>Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).</p>	<p>EDGE (or "Excellence in Design for Greater Efficiencies") is a green building standard and certification system developed by the International Finance Corporation and applicable in 140 countries.</p>	<p>DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.</p>	<p>Passive House (also known by its German name, Passivhaus) is a certification scheme for very low energy buildings, first developed in Germany and administered by the nonprofit Passive House Institute (PHI) and implemented in the United States by the US Passive House Institute (PHIUS).</p> <p>The PHI has three types of certifications:</p> <ol style="list-style-type: none"> 1) Certified 2) EnerPHit (for retrofits only) 3) Low Energy Buildings <p>The certification for PHIUS is PHIUS+ Certified.</p>
<p>Certification levels</p>	<p>Pass Good Very Good Excellent</p>	<ul style="list-style-type: none"> • Certified • Silver • Gold 	<ul style="list-style-type: none"> • Certified/ non-certified 	<ul style="list-style-type: none"> • Bronze • Silver • Gold 	<p>The PHI certifications can achieve: Classic, Plus or Premium.</p>






⁵⁴ BREEAM, "How BREEAM Certification Works", at: <https://www.breeam.com/discover/how-breeam-certification-works/>

⁵⁵ LEED, "LEED Rating System", at: <https://www.usgbc.org/leed>

⁵⁶ DGNB, "The Certification Process", at: <https://www.dgnb-system.de/en/certification/certification-process/>

	Outstanding	• Platinum		• Platinum	PHIUS+ Certified includes two add-on badges: Supply Air Heating and Cooling Sufficient and PHIUS+ Source Zero.
Areas of Assessment	<ul style="list-style-type: none"> • Energy • Land Use and Ecology • Pollution • Transport • Materials • Water • Waste • Health and Wellbeing • Innovation 	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority 	<ul style="list-style-type: none"> • Climatic Conditions of the Location • Monthly average wet and dry bulb temperature; Monthly average outdoor wind velocity; Monthly average outdoor humidity; Solar radiation intensity; Annual average rainfall; Carbon dioxide intensity of the electricity grid; Average cost of energy (by fuel type) and water. • Building Type and Occupant Use • Homes: for both apartments and houses (assumptions for area and occupancy are based on income categories); Hotels: for both hotels and resorts (assumptions for area, occupancy and the type of support services are based on the star rating of the property); Offices: assumptions are based on occupancy density and hours of use; Hospitals: assumptions are based on the type of hospital (e.g., nursing home, private or public hospital, clinic or diagnostic center); Retail: assumptions are based on the type of retail building (e.g., department store, mall, supermarket, light industry or warehouse); 	<ul style="list-style-type: none"> • Environment • Economic • Sociocultural and functional aspects • Technology • Processes • Site 	<ul style="list-style-type: none"> • Space Heat/Cooling Demand • Building Airtightness • Total Primary Energy Demand

			<p>Education: assumptions are based on the type of educational facility (e.g., pre-school, university or sports facility), as well as occupancy density and hours of use.</p> <ul style="list-style-type: none"> • Design and Specifications • Thermal properties of the building envelope; Window to Wall Ratio; Building Orientation • Calculation of the End Use Demand • Overall energy demand in buildings; heating ventilation and air conditioning demand; virtual energy for comfort, energy demand for hot water requirements; lighting energy demand; water demand in buildings; estimations on rainwater harvesting or recycled water onsite; embodied energy in building 		
<p>Requirements</p>	<p>Prerequisites depending on the levels of certification and credits with associated points This number of points is then weighted by item³⁵ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM</p>	<p>Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g., New Construction, Major Renovation, Core and Shell Development, Schools- /Retail-/Healthcare New Construction and</p>	<p>To achieve the EDGE standard, a building must demonstrate a minimum 20% reduction in operational energy consumption, water use and embodied energy in materials as compared to typical local practices.</p>	<p>Percentage-based performance index. The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. Depending on the total performance index, a DGNB award will be given to the project, starting from Silver. Bronze is awarded for existing buildings and is conferred as the lowest rank.</p>	<p>PHI Certified includes threshold requirements in three areas: space heat demand, building pressurization test result, and total primary energy demand, calculated per unit of usable floor area. For building retrofits, EnerPHit certification can be achieved by demonstrating the maximum space heating demand (at a less stringent level than full certification), or by utilizing components certified by the PHI.</p>

	<p>Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Major Renovations, Existing Buildings: Operation and Maintenance).</p>			<p>PHIUS+ Certified is a pass-fail standard with additional quality assurance inspection and low-moisture-risk design requirements.</p>
<p>Performance display</p>					

Appendix 3: Sustainability Bond - External Review Form

Section 1. Basic Information

Issuer name:	Santander Bank Polska S.A.
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Santander Bank Polska S.A. Sustainability Issuance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 2, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Clean Transportation, Sustainable Water and Wastewater Management, Green Buildings, Affordable Basic Infrastructure, Access to Essential Services, Affordable Housing and Employment

Generation – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 3, 4, 6, 7, 8, 9 and 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Santander Bank's Sustainable Bond Working Group, comprised of senior representatives from various departments such as Capital Investments and Capital Management Office, Investor Relations, Corporate Social Responsibility, Risk, Legal and different business units, will be responsible for evaluating and selecting eligible projects. The Group will also monitor existing eligible assets to ensure compliance with the Framework criteria.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Santander Bank Polska's Capital Investments and Capital Management Office department will be responsible for tracking the use of net proceeds using internal information systems. Santander Bank Polska intends to fully allocate the proceeds within with 36 months of each issuance. This process is aligned with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section *(if applicable)*:

Santander Bank will report annually on net proceeds raised from each green, social and sustainability bond, aggregate amounts of funds allocated to each of the eligible categories, share of refinancing versus financing, and the balance of unallocated proceeds until full allocation. In addition, Santander Bank is committed to reporting on relevant impact metrics where feasible. Sustainalytics views Santander Bank's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Annual ridership of each transit system supported, New clean transportation infrastructure built (km), Floor space of green real estate (m2), Units of affordable housing built or refurbished, Number of people with access to safe, Affordable and sustainable housing, Number of loans provided to women-owned businesses |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
|--|--------------------------------------|

Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify):
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
 Verification / Audit Rating
 Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Issuance framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Issuance framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

-
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Issuance framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

Disclaimer

Copyright ©2021 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world’s foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the “Largest Approved Verifier for Certified Climate Bonds” for the third consecutive year. The firm was also recognized by Environmental Finance as the “Largest External Reviewer” in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

